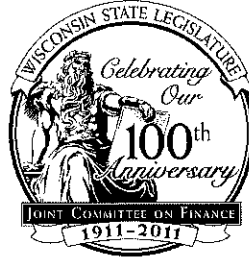


Wisconsin State Legislature

SENATE CHAIR
ALBERTA DARLING

317 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-5830



ASSEMBLY CHAIR
ROBIN VOS

309 East, State Capitol
P.O. Box 8593
Madison, WI 53708-8953
Phone: (608) 266-9171

Joint Committee on Finance *100th ANNIVERSARY 1911 - 2011*

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative Robin Vos

Date: May 16, 2011

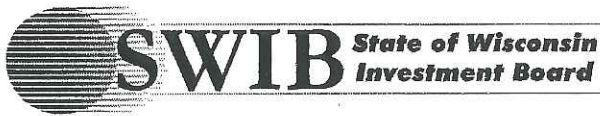
Re: SWIB Report to JFC

Attached is a report listing all expenses that were charged directly to funds managed by the State of Wisconsin Investment Board (SWIB) during the quarter ending March 31, 2011, pursuant to s. 25.17(13m), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:RV;jm



RECEIVED
MAY 16 2011

BY: *J. Finance*

May 13, 2011

Senator Alberta Darling, Co-Chair
Joint Committee on Finance
P.O. Box 7882
Madison WI 53707-7882

Representative Robin Vos, Co-Chair
Joint Committee on Finance
P.O. Box 8952
Madison WI 53708-8952

Senator Robert Cowles, Co-Chair
Joint Committee on Audit
P.O. Box 7882
Madison WI 53707-7882

Representative Samantha Kerkman, Co-Chair
Joint Committee on Audit
P.O. Box 8952
Madison WI 53708-8952

Mr. Michael Huebsch, Secretary
Department of Administration
101 East Wilson Street
P.O. Box 7864
Madison, WI 53707-7864

Dear Senator Darling, Senator Cowles, Representative Vos, Representative Kerkman and Secretary Huebsch:

As required by Section 25.17 (13m), I have attached our quarterly report listing all expenses that were charged directly to funds managed by the State of Wisconsin Investment Board (SWIB) during the quarter ending March 31, 2011. In addition to the expenses charged to the funds, the report also contains a comparison of assets managed internally and externally for the past four quarters (Attachment D).

The statutes authorize SWIB to employ special legal or investment counsel in any matter arising from the scope of our investment authority and to employ professionals, contractors or agents to evaluate or operate any property in which SWIB has an interest. SWIB may also contract with external advisers to manage various types of investments. Expenses for these services are directly charged to the current income of the fund for which the services were furnished.

This report lists expenses on an accrual basis – when the costs were incurred rather than paid. Providing the information on an accrual basis gives a better picture of quarter to quarter trends in services that are directly charged to the funds. A negative charge typically indicates an adjustment to expenses accrued in a prior quarter or a refund of expenses that were prepaid and subsequently adjusted.

Fees directly charged to the trust funds in the first quarter increased by 5.5% from the prior quarter but as a percentage of assets under management fees remained the same. The following explains some of the more significant changes from the previous quarter:

- Overall fees for investment counsel, which includes investment research services and consulting costs, increased by \$427,000 from the fourth quarter. Several projects to examine potential investments and to implement new investment strategies were completed during the first quarter which accounted for the majority of the quarterly cost increase.
- Fees for both separate accounts and commingled accounts were higher in the first quarter than the fourth. The increase in external management fees was due primarily to rising investment markets and performance based fees. Fees paid to external money managers are generally based on a percentage of assets under management. SWIB also implemented two new risk parity portfolios and two hedge fund portfolios during the first quarter which also contributed to the fee increase.
- Real Estate costs increased by \$1.5 million from the previous quarter as a result of new investment activity. Fees for existing real estate investments have remained flat due to the stagnant real estate market.

Attachment A lists all expenses by category. Attachment B provides further explanation about the various expenditure categories. Attachment C includes legal expenses that were capitalized at the time of acquisition or directly associated with the ongoing activity of an asset, such as appraisals or bankruptcy costs. Unlike other expenses listed in this report, these expenses are reflected in the value of the asset or are netted against gross returns of the asset, consistent with standard industry practices.

Attachment D shows that Wisconsin Retirement System (WRS) assets managed internally remained basically flat from the prior quarter. At the end of the first quarter 2011, SWIB was managing \$38.6 billion or 47.2% of assets internally compared to 20.7% at the end of 2007. SWIB was able to contain overall costs and reduce public market costs by bringing more assets in-house for management after it received increased staff and budget authority in 2007 and 2008. The assets from an external international index fund (approximately \$5.1 billion) were transferred to internal management during April 2011, which increased the WRS assets managed internally to more than 50%.

CEM Benchmarking, Inc. compared SWIB's 2009 costs to a custom peer group of 15 large U.S. public pension funds and found SWIB to be a low cost manager compared to its peers. The 2010 report will be available later in 2011. CEM attributed most of the cost savings to SWIB's greater use of internal asset management and lower fees paid to external asset managers for similar assets.

We hope this report gives you a clear picture of external expenditures associated with the trust funds' management. Please contact me, however, if you have any questions or comments about the report.

Sincerely,


Keith Bozarth
Executive Director

Attachments

cc: Members, Joint Committee on Finance
Members, Joint Committee on Audit
Robert Lang, Legislative Fiscal Bureau
Janice Mueller, Legislative Audit Bureau

STATE OF WISCONSIN INVESTMENT BOARD
Direct Charges to All Funds Under Management - Accrual Basis
Quarter Ending March 31, 2011

Charge Category	Service Provided	Charges
Custodial and Banking Fees		
Bankers' Bank	Wisconsin CD Program	\$2,500
BNY Mellon	Master Custody Services	135,429
US Bank	State Banking Services	85
Total Custodial and Banking Fees		\$138,014
Legal Fees, Services and Expenses		
Chapman & Cutler	Legal Work for Investment Strategies	20,326
Foley & Lardner	Legal Work for Investment Strategies	47,926
Reinhart Boerner Van Dueren	Legal Work for Investment Strategies	2,168
Total Legal Fees, Services and Expenses		\$70,420
Investment Counsel		
Advent Software, Inc.	Research Management System	42,240
Alberdon International	Financial Market Data	3,201
AON Risk Services Companies	Fidelity Bond	49,456
BCA Publications	Global & Domestic Fixed Income Strategy Research	25,001
BioCentury Publications	Biotech Stock News	1,248
Bloomberg, LP	Market, Company, Industry & Benchmark Information	411,269
CanDeal.ca Inc.	Canadian Government Bond Trading Service	1,050
Charles River Systems, Inc.	Portfolio Management and Trading Software	94,382
Cliffwater LLC	Hedge Fund Investment Consulting	157,500
Council of Institutional Investors	Corporate Governance	7,500
Courtland Partners	Performance Monitoring and Consulting	91,250
Covenant Review, LLC	Corporate Bond Research	3,750
Credit Sights	Credit Assessments	18,750
Cutter Associates	Investment Organizational and Systems Consultant	10,522
Data Broadcasting Corporation - CMS Bond Edge	Pricing Service	11,835
Data Explorers Limited	Securities Lending Analysis	4,657
Davis Mendel & Regenstein, Inc.	Online Investment Reports	11,250
	Credit Ratings & Research Reports for Corporate Bond Issuers	825
Dominion Bond Rating Service (DBRS)		
Dow Jones & Co	Company and Industry News Service	10,866
Elsevier Business Intelligence	Prescription Pharmaceutical Industry Data	1,074
Factset Data Systems	Financial & Economic Database	92,749
Financial Tools, Inc.	Financial Statement Spreadsheet Software License	324
Fitch Info., Inc.	Credit Rating Service	9,014
Gabriel Roeder Smith & Co.	Actuarial Consulting	15,000
Gartner, Inc.	Technology Sector Research	10,623
Gimme Credit	Credit Research	4,938
Haver Analytics	Global Macroeconomic Research	17,050
	Manager Monitoring/Searches, Fiduciary & Governance	
Hewitt EnnisKnupp	Consulta	46,250
IDC Portfolio Management, Inc.	Interest Rate Forecasting & Wisconsin Bank Reports	4,100

Charge Category	Service Provided	Charges
iMoneyNet, Inc	Money Market Fund Database	12,160
Institutional Investor	Global Fixed Income Institute Membership	16,783
Investor Responsibility & Support Services, Inc	Securities Class Action Services	8,750
ITG Solutions Network Inc.	Trading Transaction Cost Analysis	18,750
KPA Advisory Services	Investment Organization Research	1,251
Lombard Street Research	Global Economic Analysis	16,699
London Stock Exchange PLC	London Stock Exchange Data	7,368
Market Axxess Corporation	Bond and Yield Pricing	1,500
Market Data Services Ltd. (MDSL)	Market Data Management System	7,320
McLagan Partners	Investment Compensation Data and Analysis	8,750
Moody's Analytics, Inc.	Economic, Currency & Bond Analysis	29,986
Morgan Stanley Capital International	Developed Markets Security Data	44,128
Morningstar, Inc.	Benchmark & Performance Data/Historical Return Analysis	534
National Bureau of Economic Research Inc.	Economic Conditions and Asset Returns Data	468
National Council of Real Estate Investment Fiduciaries	Real Estate Performance	624
New England Pension Consulting, LLC (NEPC)	Investment Strategy Consulting	116,695
New York Stock Exchange	New York Stock Exchange Data	6,585
North South Capital LLC	Investment Consulting and Research	15,000
Omgeo	Post Trade Settlement Information	9,060
Options Price Reporting Authority (OPRA)	Quote System for Options Market	360
PerTrac	Fund of Funds Analytical Platform	6,756
Pivot Inc.	Trade Desk Collaboration Services	2,250
Platts	European Power Markets Research	633
Prequin	Real Estate Online Database	1,080
Property & Portfolio Research	Real Estate Consulting & Electronic Services	27,501
QTI Professional Staffing, Inc	Investment Staff Recruitment Consulting	12,263
Quantitative Services Group LLC	Access to Quantitative Data	32,499
RiskMetrics Group	Volatility and Correlation Data/Proxy Voting Analysis	35,949
RiskMetrics Solutions, Inc.	Hedge Fund Reporting Platform	18,750
Roubini Global Economics, LLC	Macro Economic Research	7,500
Russell Investment Group	Index Data Feeds	7,500
S.R. Batliboi & Company	Tax Compliance Services Required by Government of India	3,334
Salomon Analytics Yield Book	Fixed Income Portfolio Risk & Optimization Modeling/Analysis	15,000
SNL Financial	Customized Analysis of Bank Investments	11,625
Standard & Poor's	Industry & Corporate Research	62,292
StepStone Group LLC	Private Equity Consulting	350,000
Strategic Economic Decisions	Research Reports	6,249
Strategic Investment Solutions, Inc.	Asset Allocation & Benchmark Consulting	70,000
StreetAccount LLC	Portfolio and Historical Information	1,650
Telsey Advisory Group	Consumer Sector Research	31,250
The Corporate Library	Proxy Voting Research	4,875
The Markets.com	Market Research Service	3,938
The World Markets Company PLC	Closing Spot and Forward Rates	2,145
Thomson Financial Services	Electronic Research Pricing (Autex, Baseline, FirstCall)	94,488
Toronto Stock Exchange	Market Data/Traders	3,500
Trade Web	On-Line Fixed Income Trading Service	7,672
Tradeweb Markets, LLC	Electronic Research Pricing	750

Charge Category	Service Provided	Charges
UW School of Business	Investment Research Partnership	30,000
Wilshire Associates	Access to Index Data	30,000
Wilshire Associates	Performance Measurement, Portfolio Management & Analytics	109,667
Wolfe Trahan & Co	Transportation and Macro Economic Research	7,500
Total Investment Counsel		\$2,479,058

Real Estate Investment Management Services

Archstone - Smith Trust	Real Estate Management Services	218,850
Berkshire Property Advisors, LLC	Real Estate Management Services	328,108
Blackstone Management Partners VI LLC	Real Estate Management Services	562,500
Bristol Group, Inc.	Real Estate Management Services	78,042
BVP Managers, LLC	Real Estate Management Services	365,742
Callahan Capital	Real Estate Management Services	355,608
Capital Trust	Real Estate Management Services	231,729
Cornerstone Real Estate Advisors	Real Estate Management Services	256,705
Essex VFGP	Real Estate Management Services	125,000
Fortress Investment Corp.	Real Estate Management Services	1,022,321
Goldman Sachs & Co.	Real Estate Management Services	41,055
Guggenheim Structured Real Estate Advisors, LLC	Real Estate Management Services	65,661
Hawkeye Partners LP	Real Estate Management Services	95,524
Heitman Capital Management Corp.	Real Estate Management Services	153,263
Henderson Global Investors (North America) Inc.	Real Estate Management Services	259,651
Hudson Advisors	Real Estate Management Services	1,983,688
Invesco Realty Advisors, Inc.	Real Estate Management Services	254,179
JP Morgan Investment Management	Real Estate Management Services	1,063,299
Kensington Realty Advisors	Real Estate Management Services	73,013
Koll Bren Realty Advisors	Real Estate Management Services	1,609
KTR Capital Partners	Real Estate Management Services	556,677
Landmark Realty Advisors	Real Estate Management Services	1,523
Lazard Freres	Real Estate Management Services	86,524
Lowes Structured Real Estate	Real Estate Management Services	105,035
Mesa West Capital LLC	Real Estate Management Services	494,235
Morgan Stanley	Real Estate Management Services	(186,250)
Northwestern Mutual Life	Real Estate Management Services	6,006
Prudential (senior housing)	Real Estate Management Services	379,896
Rockpoint Group LLC	Real Estate Management Services	191,852
Rockspring Property Investment Managers	Real Estate Management Services	111,366
RREEF	Real Estate Management Services	378,876
Security Capital	Real Estate Management Services	230,942
Sentinel Realty Advisors Corp.	Real Estate Management Services	44,367
Westbrook Real Estate	Real Estate Management Services	732,888
Total Real Estate Investment Management Services		\$10,669,185

Private Equity Management

Advent International GPE VI, L.P.	Private Equity Management	188,531
Alchemy Partners	Private Equity Management	77,469
Alta Communications IX, LP	Private Equity Management	112,500
American Securities Opportunities Fund II, L.P.	Private Equity Management	240,009

Charge Category	Service Provided	Charges
American Securities Opportunities Fund, LP	Private Equity Management	113,689
American Securities Partners V, L.P.	Private Equity Management	255,567
Ampersand Ltd Partnership	Private Equity Management	95,076
Apollo European Principal Finance Fund, L.P.	Private Equity Management	132,909
Apollo Investment Fund VII, L.P.	Private Equity Management	431,824
Ares Corporate Opportunities Fund II, LP	Private Equity Management	69,777
Ares Corporate Opportunities Fund III, L.P.	Private Equity Management	303,075
Ares Corporate Opportunities Fund, LP	Private Equity Management	19,768
Avalon Ventures IX, LP	Private Equity Management	187,500
Avenue Europe Special Situations Fund, L.P.	Private Equity Management	258,338
Avenue Special Situations Fund V, L.P.	Private Equity Management	186,387
Avenue Special Situations Fund VI, L.P.	Private Equity Management	170,050
Baird Venture Partners	Private Equity Management	63,101
Baird Venture Partners III	Private Equity Management	156,500
BC European Capital	Private Equity Management	17,488
Bear Stearns	Private Equity Management	14,536
Bear Stearns Merchant Capital	Private Equity Management	192,928
Birch Hill Equity II	Private Equity Management	24,450
Blackstone Capital Partners VI, L.P.	Private Equity Management	150,292
Blackstone Management Partners V LLC	Private Equity Management	163,648
Boston Millennia	Private Equity Management	78,125
Bridgepoint Europe III A LP	Private Equity Management	72,019
Bridgepoint Europe IV, L.P.	Private Equity Management	264,065
Caltius Partners IV, L.P.	Private Equity Management	250,000
Capital Res Partners IV LP	Private Equity Management	5,590
Carlyle Partners IV, LP	Private Equity Management	44,781
Carlyle Partners V, L.P.	Private Equity Management	242,290
Centerbridge Capital Partners II, L.P.	Private Equity Management	379,032
Cerberus Institutional Partners LP	Private Equity Management	337,500
Charterhouse	Private Equity Management	27,696
Charterhouse Capital Partners IX, L.P.	Private Equity Management	464,287
Charterhouse VIII	Private Equity Management	139,770
Clessidra Capital Partners II	Private Equity Management	192,413
Collier International	Private Equity Management	299,352
Collier International V LP	Private Equity Management	187,500
Cortec Group Fund V, L.P.	Private Equity Management	250,000
CVC European Equity Partners IV	Private Equity Management	10,054
CVC European Equity Partners Tandem Fund	Private Equity Management	49,031
CVC European Equity Partners V, L.P.	Private Equity Management	228,315
Cypress Advisors, LP	Private Equity Management	9,003
DAG Ventures IV, LP	Private Equity Management	169,160
Doil Technology Invtd II LP	Private Equity Management	15,000
Drug Royalty II, S.ar.l.	Private Equity Management	187,495
EnCap Energy Capital Fund VIII, L.P.	Private Equity Management	252,545
EQT V, L.P.	Private Equity Management	175,158
Fortress Invest Fund II LLC	Private Equity Management	4,170
Fortress Invest Fund IV (Coinvestment Fund A) LP	Private Equity Management	78,100
Fortress Invest Fund IV (Fund A) LP	Private Equity Management	106,587

Charge Category	Service Provided	Charges
Fortress RIC	Private Equity Management	16,975
Fortress V	Private Equity Management	199,166
Fortress V Coinvestment	Private Equity Management	70,029
Frazier	Private Equity Management	163,250
Friedman Fleischer & Lowe Capital Partners III, L.P.	Private Equity Management	16,404
Glide Buy-Out Fund IV, C.V.	Private Equity Management	168,702
Graphite	Private Equity Management	393,223
Green Credit Investors, L.P.	Private Equity Management	(414,000)
Green Equity Partners V	Private Equity Management	563,949
Hamilton Lane Co-Investment Fund II, L.P.	Private Equity Management	(262,361)
Harbourvest International	Private Equity Management	74,625
Hellman & Friedman Capital Partners VII, L.P.	Private Equity Management	266,560
Hellman & Friedman Capital VI	Private Equity Management	281,063
IGP II	Private Equity Management	2,982
Insight Equity II, L.P.	Private Equity Management	225,607
Insight Equity Mezzanine I, L.P.	Private Equity Management	53,255
JMI Equity Fund VII	Private Equity Management	44,571
Kelso Investment VII LP	Private Equity Management	87,831
Kelso VIII	Private Equity Management	375,000
KKR 2006 Fund LP	Private Equity Management	629,067
KKR European Fund III, L.P.	Private Equity Management	332,708
KKR European II	Private Equity Management	156,413
Kohlberg Investors VI, LP	Private Equity Management	133,938
Kohlberg Kravis Roberts & CO	Private Equity Management	(33,479)
KRG Capital Fund IV - A, L.P.	Private Equity Management	1,302
KRG Capital Fund IV, L.P.	Private Equity Management	6,509
Lake Pacific I Gladson, LLC	Private Equity Management	35,000
Lake Pacific Partners, LLC	Private Equity Management	35,000
Lindsay Goldberg and Bessemer II	Private Equity Management	294,143
Lindsay Goldberg III, LP	Private Equity Management	321,444
Lone Star Fund IV LP	Private Equity Management	7,467
Lone Star Fund VI	Private Equity Management	92,482
Lone Star Fund VII	Private Equity Management	393,750
Mason Wells Partners I, LLC	Private Equity Management	44,625
Mayfield XI LP	Private Equity Management	29,396
Merit Mezzanine Fund V, L.P.	Private Equity Management	93,878
Montreux Equity Partners IV, L.P.	Private Equity Management	(30,681)
New Mountain Partners III, L.P.	Private Equity Management	396,363
Northwestern Mutual Capital Mezzanine Fund I, L.P.	Private Equity Management	59,623
Oak Investment Partners XII, LP	Private Equity Management	225,000
Oak Investment Partners XIII, LP	Private Equity Management	187,500
OCM Opportunities Fund VII	Private Equity Management	178,138
OCM Opportunities Fund VIIb, L.P.	Private Equity Management	288,378
Old Lane India Opportunities Fund-T, LP	Private Equity Management	90,353
Peninsula Fund IV LP	Private Equity Management	161,741
Peninsula Fund V L.P.	Private Equity Management	248,866
Penninsula Fund	Private Equity Management	44,486
Pomona Capital	Private Equity Management	93,750

Charge Category	Service Provided	Charges
Pomona Capital VII, L.P.	Private Equity Management	175,058
Providence Equity Partners VI, LP	Private Equity Management	32,611
Providence TMT Special Situations Fund	Private Equity Management	76,853
Providence TMT Special Situations Fund II	Private Equity Management	46,670
Providence V	Private Equity Management	86,714
Riverstone/Carlyle GE&P IV	Private Equity Management	317,511
SAIF Partners IV, L.P.	Private Equity Management	149,743
Seaport Capital Partners II	Private Equity Management	16,600
Segulah IV, L.P.	Private Equity Management	99,574
Sheridan Production Partners II-B, L.P.	Private Equity Management	281,250
SilverStone III, L.P.	Private Equity Management	25,947
SKM Equity Fund III, LP	Private Equity Management	15,218
Sprout	Private Equity Management	(591)
Sterling Group Partners III, L.P.	Private Equity Management	118,720
TA X	Private Equity Management	84,377
TA XI	Private Equity Management	210,938
TAC 2007, L.P.	Private Equity Management	26,837
TCV VII	Private Equity Management	280,504
Thomas H Lee Manager's V, LLC	Private Equity Management	11,167
Thomas Lee VI	Private Equity Management	10,206
TowerBrook Investors III, L.P.	Private Equity Management	120,126
TPG Partners V, LP	Private Equity Management	269,217
TPG Partners VI, LP	Private Equity Management	438,587
Trident IV, L.P.	Private Equity Management	75,949
Trident V, L.P.	Private Equity Management	234,557
Venture Investors Early Stage Fund IV	Private Equity Management	156,250
Vista Equity Partners Fund III, L.P.	Private Equity Management	143,669
Warburg Pincus Private Equity IX, L.P.	Private Equity Management	459,935
Warburg Pincus Private Equity X, L.P.	Private Equity Management	483,094
Waterland Private Equity Fund IV, C.V.	Private Equity Management	181,635
Wayzata Opportunities Fund II	Private Equity Management	437,501
Windpoint Partners V LP	Private Equity Management	84,478
Windpoint Partners VII, LP	Private Equity Management	273,493
Total Private Equity Management		\$20,412,834

Commingled Account Public Market Management Fees

AQR Capital Management, LLC	Risk Parity Manager	272,497
BlackRock Institutional Trust Company N.A.	Quantitative/Enhanced & Index Fund Management	1,957,495
Boston Company, The	Equity Emerging Market Management	1,726,494
Bridgewater Associates	Risk Parity Manager	271,623
Callan Associates Inc.	Fund-of-Funds Small Cap Equity Management	1,012,273
Capital Guardian Trust Company	Emerging Market Fixed Income Active Management	456,049
Capula	Hedge Fund Investment Management	252,687
Grantham, Mayo, Van Otterloo	Fixed Income Emerging Market Management	124,526
MKP Credit	Hedge Fund Investment Management	125,000
T. Rowe Price Trust Company	Equity Emerging Market Management	2,167,940
UBS Global Asset Management	Multi-Asset Management	532,633
Wellington Management Company, LLP	Fixed Income Emerging Market Management	<u>172,211</u>

Charge Category	Service Provided	Charges
Total Commingled Account Public Market Management Fees		\$9,061,427
Separate Account Public Market Management Fees		
Aberdeen Asset Management	Global Fixed Income/Emerging Active Management	652,812
Acadian Asset Management	International & Emerging Market Equity Active Management	1,632,654
American Century Investments	International Equity Active Management	597,089
Brandywine Asset Management	Global Fixed Income Active Management	172,208
Bridgewater Associates	Global Fixed Income Active Management/Inflation Protection	1,195,019
Dodge & Cox	US Credit/Government Bond Management	271,892
EII Realty Services, Inc.	Real Estate Investment Trusts	297,592
Intech Investment Management	Quantitative Large Cap Equity Management	998,039
JP Morgan Investment Management	Global Equity Management	823,449
Loomis, Sayles & Co.	High Yield Fixed Income Active Management	539,975
LSV Asset Management	Global Equity Active Management	3,466,489
Morgan Stanley Asset Management	International Equity Active Management	1,177,676
Pyramis Global Advisors Trust Company	International Equity Active Management	1,098,680
RREEF America LLC	Real Estate Investment Trusts	333,490
Shenkman Capital	High Yield Fixed Income Active Management	381,462
Standish Mellon Asset Management LLC	Cash Management Service	55,474
Stone Harbor Asset Management	Emerging Market Fixed Income Active Management	571,917
Total Separate Account Public Market Management Fees		\$14,265,918

Total Quarterly Charges to Funds

\$57,097,155

**Fees paid to fund managers are established as a percentage of the capital committed. As assets in a fund are sold, the management fees paid are typically reimbursed from the profits of the fund.*

***Expenses for private equity management fees are estimated and adjusted annually based upon committed capital or assets under management, determined by management contract terms. Total committed capital includes management fees. All capital contributions to the limited partnership must first be returned to the limited partners before any incentive fees are paid to the general partner.*

Explanations of Direct Charges

Custodial & Banking Fees

Wisconsin Certificate of Deposit Program: Under a contract with SWIB, Bankers' Bank administers the program under which the State Investment Fund (SIF) purchases certificates of deposit from Wisconsin-based banks and thrifts. Most administrative costs are paid by the participating banks. SWIB's expenses are \$2,500 per quarter to help underwrite other administrative costs, such as insurance that SWIB requires to be purchased.

BNY Mellon: Provides master custody services (safekeeping of assets, income collection, valuations and accounting) for public and private domestic and foreign securities in the Wisconsin Retirement System (WRS), the SIF and the smaller funds. In addition, SWIB receives performance measurement and analytical services from BNY Mellon Analytical Solutions through its custodial contract with BNY Mellon, which serves as the official book of record for SWIB's accounting and performance measurement functions. BNY Mellon provides the data and analytical tools used by SWIB for compliance and risk management. Fees for these services are established by contract.

US Bank: The State of Wisconsin has contracted with US Bank to be the state's working bank. The fees paid to US Bank by the SIF reflect bank service charges that are not directly applicable to the fund participants. These fees are distributed to the fund participants through the monthly SIF earnings process.

Legal Fees, Services and Expenses

Under authority delegated by the Attorney General, pursuant to s. 25.18 (1) (a) Statutes, SWIB may employ legal counsel for any matters arising out of the scope of its investment authority. This includes legal services relating to bankruptcies, class actions, private markets transactions, fiduciary advice, securities law, investment litigation, and other similar matters. Capitalized fees incurred during the asset acquisition process are reported separately as a charge against the value of the asset. The Attorney General annually reviews and approves a list of law firms to provide investment legal services for SWIB and reviews related legal fees.

Investment Counsel

Current law gives SWIB the authority to employ investment counsel in any matters arising out of the scope of its investment authority. Investment research and services provided include global market, industry, economic and company information, financial and performance analytics, news information, pricing and exchange data, credit ratings, financial modeling, economic forecasting, trading services and a variety of Board consultations. These services enable SWIB to perform due diligence on current and future holdings and assist in monitoring investments.

Real Estate Investment Management Services

SWIB hires real estate advisors to assist with sourcing analysis, due diligence and management of real estate investments. SWIB also invests in funds, typically limited partnerships. Each fund either has a general partner or engages a fund manager with delegated authority to make real estate investments for the fund. Real estate advisory fees are usually based on a percentage of assets under management. Fees paid to fund managers are established as a percentage of the capital committed. As assets in a fund are sold, the management fees paid are typically reimbursed from the profits of the fund.

Private Equity Management Fees

SWIB invests in private equity funds, typically limited partnerships that in turn make individual private equity investments. Each fund is managed by its general partner or fund manager with delegated authority. Fees are established as a percentage of the capital committed to each fund or partnership. As assets in a fund are sold, the management fees are typically reimbursed from the profits of the fund.

Public Market Active Management Fees

Within broad guidelines established by SWIB, these managers have been delegated authority to determine strategy and purchase securities in SWIB's name under a separate and distinct account. This relationship is used primarily in the management of international equity and fixed income investments. Fees are typically assessed as a percentage of the market value of assets under management and may include other factors.

BNY Mellon invests the cash from the externally managed portfolios and internally managed global equity and fixed income portfolios that have yet to be invested in stocks or bonds. Due to settlement times around the globe, these funds cannot be effectively managed in the State Investment Fund. The fees are negotiated as part of the custodial contract.

Indexed, Enhanced and Commingled Fees

SWIB has investments in a number of externally managed funds that seek to replicate the returns of a particular public market index (such as the Russell 1000) or seek to enhance the return from a particular public market index through the use of quantitative models or other strategies. SWIB's investments are commingled with other investors, and the underlying securities are owned in the name of the fund manager. Fees are typically based on a percentage of assets under management and may include other factors, such as performance.

Asset Specific Charges

Asset specific charges include expenses that are directly associated with the ongoing activity of an asset such as appraisals or bankruptcy costs. Unlike other expenses reflected in this report, these expenses are netted in gross returns of the asset, consistent with standard industry practices.

STATE OF WISCONSIN INVESTMENT BOARD
 Report of Asset Specific Charges and Capitalized Legal Fees - Accrual Basis
 Quarter Ending March 31, 2011

Charge Category	Service Provided	Charges
Legal Fees, Services and Expenses		
Reinhart Boerner Van Dueren	Private Markets Investment Transactions	8,866
Robins, Kaplan, Miller & Ciresi L.L.P.	Litigation Services	<u>3,051</u>
Total Asset Specific Charges		<u>\$11,916</u>
Capitalized Legal Fees		
Cox, Castle & Nicholson	Private Markets Investment Transactions	74,531
Foley & Lardner	Private Markets Investment Transactions	1,830
Michael Best & Friedrich	Private Markets Investment Transactions	15,862
Quarles & Brady	Private Markets Investment Transactions	11,612
Reinhart Boerner Van Dueren	Private Markets Investment Transactions	27,290
Solheim, Billing & Grimmer SC	Private Markets Investment Transactions	<u>16,313</u>
Total Capitalized Legal Fees		<u>\$147,438</u>

This table includes expenses that are capitalized at the time of acquisition or directly associated with the ongoing activity of an asset such as appraisals or bankruptcy costs. Unlike other expenses reflected in this report, these expenses are reflected in the value of the asset or netted in gross returns of the asset, consistent with standard industry practices.

**Wisconsin Retirement System Assets
Internal & External Management**

ATTACHMENT D

Wisconsin Retirement System (WRS)	6/30/2010		9/30/2010		12/31/2010		3/31/2011	
	Amount (in millions)	Percent	Amount (in millions)	Percent	Amount (in millions)	Percent	Amount (in millions)	Percent
Internally Managed	\$30,812	44.6%	\$34,341	45.6%	\$37,367	47.3%	\$38,569	47.2%
Externally Managed Dedicated Accounts	13,476	19.5%	15,321	20.3%	15,103	19.1%	16,250	19.9%
Externally Managed Commingled Accounts	24,861	36.0%	25,693	34.1%	26,596	33.6%	26,960	33.0%
1. Passive Index Funds	12,025	17.4%	11,549	15.3%	12,542	15.9%	12,834	15.7%
2. Enhanced Index Commingled Funds	2,188	3.2%	2,435	3.2%	1,800	2.3%	1,769	2.2%
3. Limited Partnerships	6,446	9.3%	6,888	9.1%	7,486	9.5%	7,822	9.6%
4. Actively Managed Commingled Accounts	4,203	6.1%	4,821	6.4%	4,768	6.0%	4,536	5.5%
TOTAL WRS Assets	\$69,150	100.0%	\$75,355	100.0%	\$79,067	100.0%	\$81,779	100.0%